App. F. IX-4

Previous References
G.F. 5. 22. 124 51.

Preserve
Mysore G.F. 1926.7.

File No. G.F. 7.26

Serial Nos. 44 to 53

Later References
G.F. 7. 26. 84, 89.

General and Revenue Secretariat.

Serial Nos. Two.

P-19
E

Part B for December 1926.

SUBJECT Requests the orders of Govt on the following points:- (i) if the Societies in the Mysore State should be compelled to hold their Govt Securities in the joint personal names of more than one person or (ii) if they may be required to hold them in their corporate names or (iii) if they may be given the option of holding them either in personal names or their corporate names and if they are to hold in their corporate names, whether the Bombay System may be introduced in all its details.

Mysore 55. To The Comptroller to Govt

No PL 5015 dated 28th Dec 1926

States that Govt approve of the proposals made in para 11 (iii) of the Comptroller's letter in regard to the holding of the Govt Securities in the Corporate Names of the Co-operative Societies.

AP 10/1

2038/25

WD 01229—GPB—37,500—1-9.

App. F. III—2]

General and Revenue Secretariat

File No 67 of 1926

Serial No. 44

From the Comptr

No 1856 S.L. Dated 6.11.26.

With reference to G.O. No 2e 0.8.4.-20 & 25-22 -5" dated 21.6.23 approving of the 8.99% Loan of the Corporations that G.O. bonds held by Corp. Societies should be held in the personal names of one or more office bearers stating that the Bombay practice in which the above way bond has once been accepted and that in Madras also the bonds are held in the corporate name of the societies and requests in the circumstances explained above to know whether the societies should be compelled to hold their G.P. securities in the personal names of their office bearers or if they may hold them in their corporate names or if they may be given the option to hold Thereon either way in which case the Bombay practice as regards corporate names may be adopted

The previous file containing Comptroller's letter No 1514 S.L dated 9.10.26 is put up.

2 (i) The Comptroller points out that in many cases the Societies in the State have their holdings in the personal name of only one Officer bearer and not in the joint names of more than one

3 (ii) In the case of bonds held by corp. societies the State, they are held in their corporate names - in accordance with the prevailing

NOTE. Contn. Sheet

Serial No.

practice. And that it does not appear to be fair to enforce the previous practice after long lapse of time and especially after interest is being regularly paid on them by the Bk. of India Treasuries.

4 - The matter has been fully discussed in the reference file placed below. There does appear to be sufficient grounds to change the existing practice of Societies holding the G. P. bonds in the names of one or more office bearers.

5 If in view of the difficulties explained in the case of holdings of Cooper Societies outside the State as a result of a divergent practice obtaining there, some concession is called for, the present rule may be relaxed in such cases. Subd for orders

Nov 4/26)

The present practice in the matter of holding Government Securities by Co-operative Societies is governed by Order No. Fl.5819-20 dated 21st June 1923 and this was introduced after very careful consideration of all the aspects of the case. According to this order, the bonds relating to Co-operative Societies should be held in personal names of one or more office bearers - preferably more than one (vide also para 8, P.U.D.) This

H

order is after all not mandatory but only advisory. In practice, however, the Co-operative Societies are holding bonds in the personal name of only one office bearer, with the result that when this man dies or continues to be absent for long periods, much difficulty is felt in getting new bonds made out in the name of the succeeding Secretary or other office bearer. But if bonds are made in the joint names of more than one office bearer, the present practice is good and no change is necessary. So far there is nothing to be said about difficulties of holding bonds in joint names. All the trouble therefore is in Co-operative Societies not following it.

The Comptroller now wants to adopt the Bombay practice. It is stated that in Bombay all the bye-laws relating to each Co-operative Society are to be registered by the treasuries and all resolutions relating to office bearers or subsequent amendments to the rules or bye-laws are to be similarly registered at the treasuries concerned. If any of these notes are received at the Public Debt Office for renewal, conversion, consolidation or sub-division, it does not insit on the production of these documents for registration on its books if the notes bear on the reverse a certificate from the Treasury Officer or from the Registrar of Co-operative Societies to the effect that the Society is duly registered under the Co-operative Societies Act and that the persons named in the certificate are quali-

to negotiate the securities on behalf of the society concerned. This procedure is stated to be working satisfactorily and is also stated to be convenient to the Co-operative Banks and Societies.

8 I beg to submit that from the short experience, I have had in the working of Taluk Treasuries and District Treasuries herein our State, this procedure I am afraid will be unsuitable. Our treasuries pay interest on bonds which have not been encashed and on bonds which do not stand in the name of a person to whom interest is paid. To depend upon the authorization of such a treasury, that the necessary documents have been registered and that the persons who have signed endorsements should have authority to do the same, is I think, placing too much confidence in a machinery not competent to undertake such work. If they are to be made to do such work, they have to be staffed better and so paid better,- a reform which is too costly to be under taken just now. 11 I have given some little attention to this subject when I was in the Comptroller's Office and to me the easier solution appears to be to permit Co-operative Societies to hold bonds in their corporate names only subject to the limitations noted below or in the alternative continue the existing practice of holding them in the names of more than one office bearer, the option being given to the Society. In the case of bonds permitted to be held in the corporate name of Co-operative Societies, the bonds must be held in the form of stock and whenever

it requires to be negotiated, the Registrar of Co-operative Societies should confirm on the back of the stock the endorsements made on behalf of the Society, that the office bearers who made these endorsements are competent to make them.

10 The alternative suggested viz. cases where the bonds are held by ~~Of course no trouble arises in the case of~~ present no difficulty more than one office bearer because in such cases they may be transferred by endorsements to their successors and even if one man dies the other man could endorse it. It would however be better to insist upon all Societies to have pro-notes in the form of stock only. I think that bonds relating to Co-operative Societies which handle moneys belonging to public must be held in the form of stock only as there is some safety in this form.

viz permitting bonds to be held in corporate names only in the form of Stock or in the Shape of bonds in favour of more than one person

11 If the above proposals are approved, there will be no need to alter ~~much~~ the existing practice.

12 If necessary, the Local and Legislative Secretary may be consulted.

B3
H/12

No. 1512

Filed by)

13 A duly registered Cooperative Society is as much a corporate body as ~~an~~ a Joint Stock company - Say the Mysore Bank - and it is open to the Society under the law to claim to hold the securities in its corporate name.

14 The question has to be viewed only from the balance of

NOTE—Contn. Sheet

Serial No

advantage in the extent of facility any particular form of holding affords for drawing of interest and for negotiation, keeping in view the safety of the societies property.

15 Both in the Madras and Bombay Presidencies Cooperative societies are permitted to hold securities in their corporate name and I do not see why we should place any restriction here, especially when the Registrar is agreeable to the arrangement. Now is it necessary to ~~to~~ comply with the privilege the condition that the securities shd be held in the form of stock only as suggested in the last para's note. The risk in the payment of interest by our Treasuries to holders of bonds who have possession of them otherwise than in the proper way is not after all a material factor in discussing the merits of the question at issue. We must educate our Treasuries in the handling of securities presented before them. According as investors choose to avail themselves of the services of the ally or Bank in this matter, the work in the Treasuries will get correspondingly reduced. I therefore support the proposal of the Comptroller and I would give the Societies the option to adopt either of the courses referred to in para 11 (iii) of the P. W. D with the concurrence of the Registrar.

A

16 The Bombay procedure may be adopted. When securities of any society are held in its corporate name, but I would suggest that when bonds are sent to the Comptr for renewal, consolidation &c, the Comptr should invariably consult the Registrar in case of doubt with a view to safeguard the interests of Cooperative societies, appearing as an endorser or endorsee in the chain of endorsements.

B

NOTE.—Contn. Sheet

General and Revenue Secretariat

C & T. File No. 7 of 1926.

Serial No

The present system of the Societies holding the bonds in the personal names of some of the office bearers has certain distinct advantages of its own and I do not think it is necessary to compel them to hold the securities in their corporate name only. We may be left to each Society to choose either method of holding, but with the consent of the Registrar as above suggested.

17 In the light of the foregoing remarks, the Comptroller's recommendation may be approved.

2nd member)
Mrs L. L. Ley

4.12.26

16 To allow the Societies the option of holding the bonds either in personal names or their corporate names seems to be legal. The present practice as embodied in G.O of 21st June 1923, to issue the bonds in the joint names of the President & Secretary may in some cases lead to difficulties.

18 Under Sec 18 of C.S. Regn VII of 1918, the Societies after registration become Corporate bodies with perpetual succession & a Common Seal.

20 Under Sec 32, a registered Society may invest or deposit its funds in Govt Savings Bank or other Bank approved by the Registrar or in any other mode permitted by the Rules.

21 Sec 44 empowers the Govt to make rules. In exercise of the power vested in Govt under Sec 44 the Govt has framed rule 6 empowering each Society to frame bye-laws in respect of appointment

NOTE—Contn. Sheet

2574/26 P 926 RD 2031

WD 01226—GPB—37,500—1-9-26
App. F. LII—2]

General and Revenue Secretariat | File No. 7 of 1926.

Serial No.

& removal of a committee & of offices if any & of the powers & duties of the Committee & the offices. (vide (e) of rule 6)

v) Any bye-law so framed under this clause when approved by the Registrar shall have the force of a rule formally made under the Regn.

vi) If a Society appoints a committee to manage its affairs, it has power to invest the funds in their names or in the name of the Society ~~acting under~~ any order. Thus to insist that the Society should invest its funds in the names of the President & its Secretary only, may be opposed to the Bye-law of any Society.

vii) The present proposal to give option to the Society either of holding either in personal names or their corporate names will not contravene any bye-law properly framed by a Society for a Committee of management is only an agent of the Society & can contract either in its name or in the name of its principal the Society in this case.

viii) Hence the proposal iii) mooted in P.M.D may perhaps be approved.

OFFICE OF THE SECOND SECRETARY OF COUNCIL
11 DEC. 1926
No. 3983.

1770
11-12-26

2nd Member vi) The compiler's proposal 9.12.
No iii) May be 5d
Mads 1.12.26

NOTE—Contn. Sheet

WD 01229—GPB—37,500—1-9-26

General and Revenue Secretariat

App. F. III—2]

G 7 File No. 2035-X/7 of 1926.

Serial No.

1897

Draft Submitted
Mexa
12.12.26) HK 13/12/26

To Fair Draft
B
14/12

Fair Draft submitted for approval
Mexa
14/12 HK 14/12/26

B
15/12

88) To May kindly see approval of D. Diary.
16/12

To Seen
Cir 20.12.26.

H B)

21/12

To Issue
HK 21/12/26

To the Comptr
No. 5015 dated 28.12.26

State that Govt approve of the proposal made in para 11 (iii) of the Comptroller's letter in regard to the lodging of the Securities in the corporate name of Corporation

OB
21/1/27

NOTE Contn.Sheet

22193

OFFICE OF THE COMPTROLER TO THE GOVT.
OF H. H. THE MAHARAJA OF MYSORE.

No1356/SL. Enclo Seven copies

Bangalore, dated 13th November *1926.*

From

S. SHAMANNA, Esq., B.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

DIARY NO. 2035

1926 — 1927
Section. G.F.
File No. 7.26
44

To

B. Sreenivasa Iyengar, Esq., B.A., B.L.,
Secretary to the Government of Mysore,
Financial Department, Bangalore.

Sir,

Adverting to correspondence ending with G.O. No.Fl.5819-20/G.F.5-22 dated 21st June 1923 approving of the suggestion that State Loan Bonds held by Cooperative Societies should be held in the personal names of one or more office bearers as the Societies may deem proper, I have the honour to state that a circular bearing No.SL.362-3 dated 13-8-1923 was issued to all the Deputy Commissioners, Treasury Department, intimating them of the above instructions, a copy of the same being sent to the Registrar of Cooperative Societies for communicating the procedure to be followed by them.

2. The Government Order was mainly based on the practice said to be obtaining in Bombay, viz., the issue of bonds in the joint names of the President and the Secretary of the Society. Mr. Ganapathi Iyer, while at Bombay noticed and reported that the practice in Bombay was to issue bonds belonging to Cooperative Societies only in their corporate names and not in joint names of the office bearers.

3. The Deputy Controller of the Currency, Bombay was thereupon, addressed in this office letter No. 77/SL dated 7-7-26 to intimate the rules regulating the endorsements in favour of and by Cooperative Banks and their verification by the Public Debt Offices.

4. In his reply No.B.L.12-1236 dated 28-7-1926 that Officer has stated that Cooperative Societies in the Bombay Presidency hold Government Securities in their corporate names and

and has also given the rules of working.

5. Copies of the above letters were sent to the Registrar of Cooperative Societies in Mysore in this office letter No.532/SL dated 18-8-1926 for an expression of his views and he has stated in his reply "that the practice now obtaining in Bombay of Cooperative Societies holding Government Securities in their corporate names is very good and saves a lot of inconvenience incidental to the change of Members of the Committee and it may be advantageously followed in our State also".

6. Subsequently, the Deputy Controller of Currency, Madras, who was also consulted in my letter dated 27-9-1926, intimated in his reply of the 19th October "that in Madras, the securities relating to Cooperative Societies are held in the corporate name of the society and not in the name of the office bearers thereof". The details of the rules of working in Madras, however, materially differ from those in Bombay.

7. The relative advantages and disadvantages of the systems now obtaining in Bombay and Madras were elaborately discussed in this office letter No.SL.1514 dated 9-10-1922 and its enclosures, and it was ultimately decided that cooperative societies should hold their securities in the personal names of one or more office bearers.

8. In practice, it is seen that many societies in the State have their holdings of State loan bonds in the personal name of only one office bearer. In such cases, the societies have experienced much difficulty when the holder dies or continues to be absent for long periods. No doubt, there would not have been this difficulty if the bonds were held by more than one person severally, but orders of Government in this respect are only advisory and not mandatory.

9. A divergence in procedure from that obtaining outside the State, puts bond holders to real hardship. A good number of bonds are being received from Bombay wherein, the Cooperative Societies have followed the Bombay practice and it does not seem to be fair to enforce the Mysore practice after long lapse of time and especially after interest is being regularly paid on them by the

the British Indian Treasuries.

10. Coming now to the details of working, it has to be stated that the Bombay System is more suitable and less risky than the Madras one.

11. I have therefore the honour to request you to kindly obtain orders of Government on the following points:-

(i) if the Societies in the Mysore State should be compelled to hold their Government securities in the joint personal names of more than one person; or
(ii) if they may be required to hold them in their corporate names or
(iii) if they may be given the option of holding them either in personal names or their corporate names and if they are to hold in their corporate names, whether the Bombay System may be introduced in all its details.

I think we may adopt procedure (iii) above and the Bombay System as regards corporate ~~bodies~~ names.

12. If, however, Government consider, that the present system should continue, I solicit orders of Government to permit me to apply the rules of the British Indian Provinces while dealing with securities received from them, particularly when interest is being paid on them by the treasuries in British India.

13. Copies of the correspondence referred to ~~xxxxx~~ below, are herein enclosed for information.

I have the honour to be,

Sir,

Your most obedient servant,

V. Ramanna

~~Officiating~~ Comptroller.

1. Circular No.Sl.362-3 dated 13-8-23 to Deputy Commissioners.
2. Letter No.77/SL dated 7-7-1926 to Deputy Controller of Currency, Bombay.
3. Letter No.B.L.12-1236 dated 28-7-1926 from the Deputy Controller of Currency, Bombay.
4. Letter No.532/SL dated 18-7-1926 to Registrar of Cooperative Societies in Mysore, Bangalore.
5. Letter No.1206/S. dated 3-9-1926 from the Registrar of Cooperative Societies in Mysore, Bangalore.
6. Letter No.898 dated 27-9-1926 to Deputy Controllder of Currency, Madras.
7. Letter No.D.C.C.y.310 ~~310~~ dated 9-10-1926 from the Deputy Controller of Currency, Madras.

S.S.

Circular ~~Letter~~ No.362-3/SL dated 13-8-1923 from the Comptroller to the Government of Mysore, to the Deputy Commissioners, Treasury Department, ~~xx~~ all Districts, except Bangalore, and Officer in charge of State Huzur Treasury, Bangalore.

The Government of His Highness the Maharaja of Mysore having in their order No.Fl.5819-20/C.F.5-22 dated 21-6-1923 directed that Mysore State Loan Bonds held by the Co-operative Societies should not be issued in their comporate names but should be held in the personal names of one or more office bearers preferably the President and Secretary of Societies, I have the honour to request you to be so good as to issue necessary instructions to all the Treasuries in your District not to pay interest on securities held in the corporate names of Cooperative societies. The attention of the society authorities may be drawn to the above Government Order so that the Bonds may be held only in the personal names of one or more office bearers.

The Registrar of Cooperative Societies has also been requested to issue necessary instructions to all the cooperative societies.

Copy of the above is forwarded with compliments to the Registrar of Cooperative Societies in Mysore for information. It is requested that he may kindly issue instructions to all the societies to follow the procedure sanctioned by Government, with the least delay possible in the interests of the societies themselves. If the bonds are held in the personal names of two persons jointly, in the event of the death of one, ∅ the survivor, can automatically operate upon the bonds without the production of a succession certificate.

A suitable notification may also be published in the Gazette in consultation with this office.

"Copy".

Superintendent, S.L. Section,

Comptroller's office, Bangalore.

Letter No. 77/SL dated 7-7-1926 from the Comptroller in Mysore, to the Deputy Controller of the Currency, Bombay.

I have the honour to state that Co-operative Societies in the Mysore State are not authorised to hold State Loan Bonds in their corporate names, but only in the personal names of one or more office bearers.

This practice was adopted in 1923 following mainly that then obtaining in Bombay, which was ascertained by the Registrar of Co-operative Societies in Mysore from the Registrar of Cooperative societies in Bombay. According to this practice bonds are to be issued in the joint names of the President and the Secretary of the Society. It is, however, seen that in several cases, promissory notes are held by Co-operative institutions in the Bombay presidency in their corporate names and not in the ~~Bombay Presidency in their corporate names and not in the~~ personal names of the office bearers. It is not known if the original arrangement has been altered, the societies being now authorised to hold securities in their corporate names. Para 45(IV) of the Government Securities Manual does not refer specifically to cases of Co-operative institutions. I would therefore request you to kindly let me know the rules regulating endorsements in favour of and by Co-operative Banks, and their verification by Public Debt Offices. It may be added that, in view of the annual character generally of the office bearers of Cooperative institutions, if endorsements are not made in personal names in these cases, considerable difficulty would be felt in Public Debt Offices in their verification.

"Copy".

Superintendent, S.L. Section,

Comptroller's office, Bangalore.

Letter No.B.L.12-1236 dated 26th July 1926, from the Deputy Controller of the Currency, Bombay, to the Comptroller in Mysore, Bangalore.

With reference to your letter No.77/SI dated the 7th July 1926, I have the honour to state that the Cooperative Societies in the Bombay Presidency hold Government securities in their corporate names. These securities are negotiated by the persons qualified to do so under the articles of Association or the bye-laws governing the constitution of the body in accordance with clause (2) of para 45 IV of the Government Securities Manual. There are no separate rules regulating endorsements in favour of or by Cooperative Banks and their verification by Public Debt Offices. In practice, the bye-laws of the societies are registered at the treasuries at which the notes are enfaced for payment of interest and the fact of the registration of the documents noted on the back of the notes by the Treasury Officers concerned. All resolutions relating to office bearers or subsequent amendments to the rules or bye-laws are similarly registered at the treasuries concerned. If any of these notes are received at the Public Debt Office for renewal, conversion, consolidation or subdivision, it does not insist on the production of these documents for registration on its books if the notes bear on the reverse a certificate from the Treasury Officer or from the Registrar of Cooperative Societies to the effect that the Society is duly registered under the Cooperative Societies Act and that the persons named in the certificate are qualified to negotiate the securities on behalf of the society concerned. This procedure is working satisfactorily and is also convenient to the Cooperative Banks and societies.

"Copy".

Superintendent, B.L. Section,

Comptroller's Office, Bangalore.

Letter No.532/SL dated 18-7-1926 from the Comptroller to the Government of Mysore, to the Registrar of Cooperative Societies in Mysore, Bangalore.

In forwarding herewith a copy of this office letter No.S.L.77 dated 7-7-1926 to the Deputy Controller of Currency of Bombay and of his reply No.B.L.12-1236 dated 28-7-1926 ~~and of his reply xxxx~~ thereto regarding the holding of Government Securities by cooperative institutions, I have the honour to request that you will be so good as to intimate if the present Bombay practice may be followed in respect of institutions in the Mysore State.

Copy.

Superintendent, S.L. Section,

Comptroller's Office, Bangalore.

Letter No.1206/CS. dated 1/3rd September 1926 from the Registrar of Cooperative Societies in Mysore, to the Comptroller in Mysore, Bangalore.

Adverting to your letter No.532/SL dated 18th August 1926, re: the holding of Government securities by Co-operative Institutions, I have the honour to state that the practice now obtaining in Bombay of Co-operative Societies holding Government securities in their corporate names is very good and saves a lot of inconvenience incidental to the change of members of the Committee, and it may be advantageously followed in our State also, in the case of Mysore State Loan bonds taken by Cooperative Societies.

"Copy".

Superintendent, S.L. Section,

Comptroller's Office, Bangalore.

Letter No.898/SL dated 27-9-1926 from the Comptroller in Mysore, to the Deputy Controller of the Currency, Madras.

I have the honour to state that cooperative societies in the Mysore State are not authorised to hold state loan bonds in their corporate names, but only in personal names of one or more office bearers.

It is ascertained that Cooperative Societies in some of the presidencies in British India hold Government securities in their corporate names.

Para 45 IV of the Government securities Manual does not refer specifically to cases of cooperative institutions. I would therefore request you to kindly let me know the rules regulating endorsements in favour of and by cooperative institutions and their verification by the Public Debt Office. It may be added that, in view of the annual character generally of the office-bearers of such institutions, if endorsements, are not made in personal names in these cases, considerable difficulty would be felt in the public Debt Offices in their verification.

"Copy".

Superintendent, S.L. Section,

Comptroller's Office, Bangalore.

Letter No.D.C.Cy.310 dated 19th October 1926 from the Deputy Controller of the Currency, Madras, to the Comptroller in Mysore, Bangalore.

In reply to your letter No.898/S.L dated the 27th September 1926, I have the honour to state that, in Madras, the securities relating to Co-operative Societies are held in the corporate name of the Society and not in the name of the office bearers thereof. The procedure laid down in paragraph 45 (2) of the Government Securities Manual should generally be followed. A copy of the bye-laws of the Society which must specify the office Bearer or bearers empowered to deal with the securities in question should be sent to the Public Debt Office for registration in its books and every change in the above personnel communicated to him then and there together with specimen signatures of the new incumbent or incumbents.

"Copy".

Superintendent, S.L. Section,

Comptroller's Office, Bangalore.

No. Fl. 5015. / C.F. 7. 26. 53.

28th Dec 1926

To

The Comptroller to Government.

Sir,

With reference to your letter No.1356/S.L. dated 16th November 1926 in the matter of the issue of State Loan Bonds in the corporate names of Co-operative Societies, I am directed to state that Government approve of the proposal made in para 11 (iii) of your letter under advertance, i.e., giving the Societies the option of holding them either in the joint personal names of more than one person or their corporate names, ~~Further action may be taken in the matter~~ in consultation with the Registrar of Co-operative Societies, and that the Bombay system referred to by you (vide extract annexed) may be adopted for regulating the details of procedure when the bonds are held in corporate names.

Portion marked "A"

I am ~~Government further direct~~ that when bonds are sent to you for renewal, consolidation, etc., ~~he should~~, in cases of doubt, ~~invariably consult~~ the Registrar of Co-operative Societies may if necessary be consulted with a view to safeguard the interests of Co-operative Societies appearing as an endorser or endorsee in the chain of endorsements.

I have etc.,

For Fl. Secy. to Govt.

14/12/26

No. Fl. 5016 /
28th Dec 1926

Copy to Development Branch for infn.
Copy to Registrar, Co-operative Societies.